



THE HARTFORD  
PROPERTY MAJOR CASE - FIELD  
P.O. BOX 14271  
LEXINGTON KY 40512

March 26, 2020

SOCIAL LIFE MAGAZINE INC  
315 WEST 39TH ST  
NEW YORK NY 10018

Re: Insured: SOCIAL LIFE MAGAZINE INC  
Date of Loss: 03/17/2020  
Policy Number: 16SBAZH0759  
Event Number: CP0018669073  
Writing Company: Sentinel Insurance Company Ltd.

Dear Mr. Mitchell:

We have completed a review of your loss and have determined that since the coronavirus did not cause property damage at your place of business or in the immediate area, this loss is not covered.

As we understand the facts, you are suffering from a loss of business income because you, or a business you depend on, have had to close or limit your business to help prevent the spread of COVID-19, the disease caused by the novel coronavirus.

For more details on how we came to this decision, please see the information on the following pages. It lists the relevant portions of your insurance policy and explains how they apply to your situation.

## COVERAGE DECISION DETAILS

We are basing this determination on the following policy language found within the Special Property Coverage Form (SS 00 07 07 05), made part of your policy, which states, in part, as follows:

### A. COVERAGE

We will pay for direct physical loss of or physical damage to Covered Property at the premises described in the Declarations (also called "scheduled premises<sup>1</sup>" in this policy) caused by or resulting from a Covered Cause of Loss.

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### 3. Covered Causes of Loss

RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

- a. Excluded in Section **B.**, EXCLUSIONS; or
- b. Limited in Paragraph **A.4.** Limitations; that follow.

This property policy protects your business personal property and/or building against risks of direct physical loss or damage at your Scheduled Premises. You have not identified any physical loss to any property at a scheduled premises.

The Additional Coverages section of the Special Property Coverage Form (SS 00 07 07 05) also provides as follows:

#### **5. Additional Coverages**

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##### **o. Business Income**

- (1) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". *The suspension must be caused by direct physical loss of or physical damage to property at the "scheduled premises"* [emphasis added], including personal property in the open (or in a vehicle) within 1,000 feet of the "scheduled premises", caused by or resulting from a Covered Cause of Loss.
  - (2) With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the "scheduled premises" are located, your "scheduled premises" also means:
    - (a) The portion of the building which you rent, lease or occupy; and
    - (b) Any area within the building or on the site at which the "scheduled premises" are located, but only if that area services, or is used to gain access to, the "scheduled premises".
  - (3) We will only pay for loss of Business Income that occurs within 12 consecutive months after the date of direct physical loss or physical damage.  
This Additional Coverage is not subject to the Limits of Insurance.
- \*\*\*
- (5) With respect to the coverage provided in this Additional Coverage, suspension means:
    - (a) The partial slowdown or complete cessation of your business activities; or
    - (b) That part or all of the "scheduled premises" is rendered untenable as a result of a Covered Cause of Loss if coverage for Business Income applies to the policy.

The Business Income coverage is not provided for your loss because there has been no physical loss or damage caused by or resulting from a Covered Cause of Loss to property at a scheduled premises.

The Additional Coverages section of the Special Property Coverage Form (SS 00 07 07 05) also provides as follows:

##### **q. Civil Authority**

- (1) This insurance is extended to apply to the actual loss of Business Income you sustain when access to your "scheduled premises" is specifically prohibited by order of a civil authority *as the direct result of a Covered Cause of Loss to property in the immediate area of your "scheduled premises"* [emphasis added].

- (2) The coverage for Business Income will begin 72 hours after the order of a civil authority and coverage will end at the earlier of:
- (a) When access is permitted to your "scheduled premises"; or
  - (b) 30 consecutive days after the order of the civil authority.

We have no information to indicate that a civil authority issued an order as a direct result of a covered cause of loss to property in the immediate area of your scheduled premises; accordingly, this additional coverage is not available for your claimed loss of business income. If you believe there is an order of a civil authority as the result of a Covered Cause of Loss to property in your immediate area, please immediately send to my attention for review.

The Additional Coverages section of the Special Property Coverage Form (SS 00 07 07 05) also provides as follows:

**s. Business Income from Dependent Properties**

- (1) We will pay for the actual loss of Business Income you sustain due to direct physical loss or physical damage at the premises of a dependent property caused by or resulting from a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$5,000 in any one occurrence unless a higher Limit of Insurance is indicated in the Declarations.

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- (4) Dependent Property means property owned, leased or operated by others whom you depend on to:

- (a) Deliver materials or services to you or to others for your account. But services do not include:
  - (i) Water, communication, power services or any other utility services; or
  - (ii) Any type of web site, or Internet service.

- (b) Accept your products or services;

- (c) Manufacture your products for delivery to your customers under contract for sale; or

- (d) Attract customers to your business premises.

The dependent property must be located in the coverage territory<sup>2</sup> of this policy.

- (5) The coverage period for Business Income under this Additional Coverage:

- (a) Begins 72 hours after the time of direct physical loss or physical damage caused by or resulting from a Covered Cause of Loss at the premises of the dependent property; and

- (b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.

- (6) The Business Income coverage period, as stated in Paragraph (5), does not include any increased period required due to the enforcement of any ordinance or law that:

- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or

- (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants."

- (7) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income from Dependent Properties Additional Coverage.

Your policy is also endorsed with SS 04 08 09 07 STRETCH which increases the limit of Business Income for Dependent Properties to \$25,000.

To the extent you are making a claim for loss of business income from a dependent property, no direct physical loss or damage caused by or resulting from a Covered Cause of Loss has occurred at a Dependent Property. Accordingly, there is no coverage for your claim under this coverage part.

We note that your policy also contains the following potentially applicable exclusion:

## B. EXCLUSIONS

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2. We will not pay for physical loss or physical damage caused by or resulting from<sup>3</sup>:

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**i. Pollution:** We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants and contaminants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if physical loss or physical damage by the "specified causes of loss" results, we will pay for the resulting physical loss or physical damage caused by the "specified cause of loss."

The policy also contains the following definitions:

## G. PROPERTY DEFINITIONS

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**15. "Pollutants and Contaminants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, or any other material which causes or threatens to cause physical loss, physical damage, impurity to property, unwholesomeness, undesirability, loss of marketability, loss of use of property, or which threatens human health or welfare. Waste includes materials to be recycled, reconditioned or reclaimed.

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- 19. "Specified Cause of Loss"** means the following:

Fire; lightning; explosion, windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

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**c. Water damage** means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam

The coronavirus is understood to be an irritant or contaminant which causes or threatens to cause physical impurity, unwholesomeness and threatens human health or welfare. Further, the virus was not caused by a "Specified Cause of Loss". Accordingly, even if coverage were otherwise available for loss caused by coronavirus, the pollution exclusion could further bar coverage for the loss.

We note that your policy also contains the following potentially applicable exclusion:

**B. EXCLUSIONS**

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**2.** We will not pay for physical loss or physical damage caused by or resulting from<sup>4</sup>:

**a. Consequential Losses;** Delay, loss of use or loss of market.

To the extent you are claiming physical loss or physical damage caused by loss of use or loss of market, coverage would be precluded based on the exclusion above.

Section **B. Exclusions** also provides as follows:

**3.** We will not pay for loss or damage caused by or resulting from any of the following. But if physical loss or physical damage by a Covered Cause of Loss results, we will pay for that resulting physical loss or damage.

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**b. Acts or Decisions:** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

Based on the exclusion cited above, we will not pay for loss or damage caused by or resulting from the decision of a person, group, organization or governmental body.

[<sup>1</sup>] "Scheduled Premises" means any premises listed by location address in the Scheduled Premises section of the Declarations.

<sup>2</sup> Coverage for Business Income from Dependent Property would be further denied if it were determined that the dependent property is outside of the coverage territory, which is the United States (including its territories and possessions), Puerto Rico, and Canada.

<sup>3</sup> Your policy may be amended to read "We will not pay for loss or damage caused by or resulting from..."

<sup>4</sup> Your policy may be amended to read "We will not pay for loss or damage caused by or resulting from..."

If you believe there are additional facts Hartford should consider, please let us know, and we will reopen your claim.

We know this virus has led to unprecedeted circumstances and care very much about the wellbeing of all our customers. For more on possible government support for small business at this time, you might like to visit <https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>.

If you have any questions, please feel free to contact me at the telephone number listed below.

The foregoing should not be construed as a waiver of any of Hartford's, rights and defenses under your policy number, and Hartford, specifically reserves its right to modify or supplement this review of coverage based upon any additional information which it may obtain and/or any other grounds which may appear.

We are required to inform you that under Regulation 64 of the New York State Department of Financial Services, any legal action which you may elect to take against this company regarding this claim must be brought within two years of the date of loss.

**Should you wish to take this matter up with the New York State Department of Financial Services, you may file with the Department either on its website at**

**<http://www.dfs.ny.gov/consumer/fileacomplaint.htm> or you may write to or visit the Consumer Assistance Unit, Financial Frauds and Consumer Protection Division, New York State Department of Financial Services, at: One State Street, New York, NY 10004; One Commerce Plaza, Albany, NY 12257; 1399 Franklin Avenue, Garden City, NY 11530; or Walter J. Mahoney Office Building, 65 Court Street, Buffalo, NY 14202.**

Sincerely,



Michael Sagosky Jr.  
General Adjuster  
Toll Free Number: (630) 692 - 8651  
[michael.sagoskyJr@thehartford.com](mailto:michael.sagoskyJr@thehartford.com)

Writing Company Name: Sentinel Insurance Company, Ltd.

CC: HUDSON VALLEY AGENCY ALLIANCE LLC via U.S.Mail